

The Universal Service Administrative Company (“USAC”), in its capacity as Administrator of the federal Universal Service Support Mechanisms, submits this Petition for Limited Waiver of 47 C.F.R. § 54.717(f) Regarding Audit Report Deadline. USAC is the private, not-for-profit corporation that, pursuant to 47 C.F.R. Part 54, administers the universal service support mechanisms for high-cost areas, low-income consumers, rural health care providers, schools and libraries, and the billing, collecting, and disbursing of all universal service support. USAC files this petition only as it relates to an administrative matter concerning the Universal Service Support Mechanisms. *See* 47 C.F.R. § 54.702(d).

ARGUMENT

Section 54.717 of the Commission's rules, 47 C.F.R. § 54.717, governs the annual independent audit of the Administrator of the Universal Service Support Mechanisms. Section 54.717 requires the Commission to exercise considerable oversight of USAC's audit process. Among other things, USAC must submit an audit plan to the Common Carrier Bureau for review and approval, and Bureau staff must review and approve the findings of USAC's independent auditor. *See* 47 C.F.R. § 54.717(a)-(e). The regulations governing audits of the Administrator contain a timetable within which the Commission's oversight must occur. Section 54.717(f) requires USAC's independent auditor to file a draft audit with the Commission within 60 days of the close of the audit period. Because USAC's fiscal year currently is the calendar year, this annual deadline is March 1. Other subsequent deadlines for review and comment flow from this date. *See* 47 C.F.R. §54.717(g)-(j).

On July 26, 2000, USAC filed a petition with the Commission seeking a permanent waiver of the regulatory deadline to a date 105 days after the close of the period covered by the audit. *See* Universal Service Fund Administrator's Petition for Permanent Waiver of 47 C.F.R. § 54.717(f) Regarding Audit Report Deadline Or, In the Alternative, for a Rule Change (filed July 26, 2000)(attached hereto as Exhibit A). On February 27, 2001, the Common Carrier Bureau released a Memorandum Opinion and Order granting USAC a limited waiver of section §54.717(f), finding that good cause existed to extend the deadline by 45 days to permit USAC's independent auditor to file the draft audit report on or before April 15, 2001. *See* In re Federal-State Joint Board on Universal Service, Petition for Waiver of Section 54.717(f) of the Commission's Rules

and Regulations, *Memorandum Opinion and Order*, CC Docket Nos. 96-45 and 97-21, DA 01-509 (rel. Feb. 27, 2001)(attached hereto as Exhibit B). The Memorandum Opinion and Order stated that the Commission “will consider in a future order USAC’s request for a permanent change to rule section 54.717(f) to extend the audit deadline.” *Id.* ¶ 4. The Commission has not yet ruled on USAC’s request for a permanent waiver or rule change.

USAC respectfully requests a waiver of this year’s audit deadline in 47 C.F.R. §54.717(f) for the reasons set forth in its July 2000 Petition and summarized in the Commission’s February 27, 2001 Memorandum Opinion and Order. The facts in support of USAC’s July 2000 Petition are unchanged. *See* Exhibit A, Exhibit B. USAC’s continued experience demonstrates that a 45-day extension of the deadline, to April 15, 2002, will enable its independent auditor to prepare a more comprehensive draft audit report and will not prejudice the Commission or any USAC stakeholder. As in its July 2000 Petition, USAC proposes that the timetable for comments and responses to be provided after the initial draft audit report is delivered to the Commission set forth in 47 C.F.R. 54.317(g)-(j) remain unchanged.

CONCLUSION

For the reasons set forth above, USAC respectfully requests a limited waiver of 47 C.F.R. § 54.717(f) to enable USAC's independent auditor to submit a draft 2001 audit report no later than April 15, 2002. In addition, USAC respectfully renews its Petition for Permanent Waiver of 47 C.F.R. § 54.717(f) Regarding Audit Report Deadline Or, In the Alternative, for a Rule Change, filed on July 26, 2000.

Respectfully submitted,

UNIVERSAL SERVICE
ADMINISTRATIVE COMPANY

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Dated: February 19, 2002